

Changing Encumbrances After Close of the Accounting Year

Objective

To change prior-year purchase orders (POs) after the end of the fiscal year in which the PO was created.

Policy

This procedure should be used when making changes to encumbrances after the close of the fiscal year in which it was established. **Requests to reestablish funds will only be considered if the dollar amount is greater than, or equal to, \$2,500.00.** These types of transactions (Purchase Order Finance, POF) are rare and are only processed by the Minnesota Management & Budget (DOF) and are approved based on the following criteria:

1. Whether there is legal authority to spend money for the period in question.
2. Whether the transaction is material to the agency's situation.
3. What types of goods or services are involved, and the corresponding object codes for the purchase.
4. Whether the goods were ordered or services rendered before legal authority for the funding lapsed. [See Minnesota Statute 16A.28.](#)
5. The nature of the errors that were made.

Forms

[Purchase Order Changes After Close of the Accounting Year \(POF\), fi-00580-01](#)

Procedures

Step #	Actions to be Performed	Responsible Party
1	Complete the POF form, Purchase Order Changes After Fiscal Year End, fi-00580-01 . Attach documents (copies of original invoices, the legal citation, etc.) to document that goods were ordered or services rendered before legal authority for the funding lapsed. If funds are no longer available in the appropriation	Agency

	<p>account to be used, attach one of two kinds of budget forms:</p> <p>Funds were canceled or reduced: attach an Appropriation Form (Form fi00519-01) to reestablish funds.</p> <p>Funds were carried forward: attach a Balance Forward Form (Form fi00520-02) to carry funds back.</p> <p>NOTE: Ensure that sufficient unallotted funds are available to carry back.</p> <p>NOTE: If a vendor number has been purged, and the fiscal year of the PO has closed, fill out the POF form and do not submit any accompanying budget forms. State on the POF form that a vendor has been purged, causing the need for the POF transaction. When submitting a POF form for purged vendors, do not cancel the PO or contract. The Minnesota Management & Budget (DOF) will cancel the existing PO and set up the new PO or contract when the POF is complete. If the fiscal year of the PO is still open, refer to MAPS Policy 0702-06, Changing Encumbrances and Correcting Expenditures During the Fiscal Year.</p> <p>Forward the form(s) to the Minnesota Management & Budget, System Compliance Unit.</p>	
2	Review the request. If approved, sign and process the POF request if there are enough funds in the required allotments to process the transaction. Notify the agency when the transaction has been completed. If not approved, notify the agency of the reason.	System Compliance
3	If funds need to be reestablished, sign the POF form and fill in the amount of funds that need to be reestablished. Forward the form(s) to Agency Assistance along with any accompanying documents from prior research activities.	System Compliance
4	If an Appropriation or Balance Forward form is not included, call the agency to suggest which form to fill out. Request that any additional forms be sent to Agency Assistance, Appropriation Processing. Forward the budget transaction form and additional paperwork to the Executive Budget Officer (EBO) for their consideration.	Agency Assistance, Appropriation Processing
5	If approved, sign the budget transaction form. If not	Executive

	approved, instruct the agency to pay the encumbrance from current year funds. Return approved paperwork to Agency Assistance for entry into MAPS.	Budget Officer
6	Enter approved budget transactions and file forms. Record the related budget transaction numbers on the POF form. After funds are reestablished or carried back, forward the POF form to System Compliance.	Agency Assistance, Appropriation Processing
7	Enter the new purchase order, file documents, and notify the agency of the changes. File the POF form.	System Compliance